

Appendix 4E

Preliminary Final Report

Name of Entity: **Australia New Agribusiness & Chemical Group Ltd**

ABN 74 142 976 065

1. Details of the reporting period

Current Period: 1 January - 31 December 2014

Previous Corresponding Period: 1 January - 31 December 2013

2. Results for announcement to the market

				<u>\$'000</u>
Revenue from continuing operations	up	881%	to	3,402
Loss from ordinary activities after income tax attributable to members	down	NA	to	(15,311)
Net loss attributable to members	down	NA	to	(15,311)

Explanation of revenue

Revenue comprises of sales revenue of \$3,149,954 (2013: nil), interest revenue of \$113,708 (2013: \$163,798) and rental income of \$138,823 (2013: \$183,063). The Company generated \$3 million revenue from its glass processing business and \$122k from its compound fertilizer business in 2014. There was no sales revenue generated in 2013 as the Apollo Fertiliser Plant was under construction and fit out during 2013.

Explanation of Net Profit after Tax

The Company incurred a loss of \$15,311,222 in 2014 from its continued operation, compared to a gain of \$342,592 from its continued operation in 2013. This was mainly due to the provision raised for \$7,452,000 receivable owed from the disposal of the Group's 49% interest in U&D Mining Industry (Australia) Pty Ltd (U&D), as well as the loss on disposal of two properties amounting to \$2,354,898.

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income For the Year Ended 31 December 2014

	12 Months Ended	
	31 December 2014	31 December 2013
	\$	\$
Revenue from continuing operations	3,402,485	346,861
Cost of sales	(2,476,166)	-
Gross profit	926,319	346,861
Other income	70,343	8,396,110
Distribution expenses	(354,286)	-
Marketing expenses	(198,506)	-
Administration expenses	(3,930,331)	(2,057,571)
Occupancy expenses	(1,288,363)	(421,930)
Finance costs	(414,206)	(100,481)
Other expenses	(10,180,484)	(41,808)
Share of loss of associate accounted for using the equity method	-	(2,223,694)
Profit before income tax expense	(15,369,514)	3,897,487
Income tax benefit/(expense)	58,292	(3,554,895)
(Loss)/profit from continuing operations	(15,311,222)	342,592
Profit from discontinued operations	-	721,894
(Loss)/profit for the year	(15,311,222)	1,064,486
Total comprehensive (loss)/income for the year	(15,311,222)	1,064,486
(Loss)/profit is attributable to		
Owners of Australia New Agribusiness & Chemical Group Ltd	(15,311,222)	1,064,486
Non-controlling Interest	-	-
	(15,311,222)	1,064,486
Total comprehensive (loss)/income for the year is attributable to		
Owners of Australia New Agribusiness & Chemical Group Ltd	(15,311,222)	1,064,486
Non-controlling Interest	-	-
	(15,311,222)	1,064,486

3. Consolidated Statement of Profit and Loss and Other Comprehensive Income (continued)

For the Year Ended 31 December 2014

	12 Months Ended	
	31 December 2014	31 December 2013
<i>(Loss)/earnings per share for the year</i>	Cents	Cents
Overall operations		
Basic (loss)/earnings per share	(7.25)	0.50
Diluted (loss)/earnings per share	(7.25)	0.50
Continuing operations		
Basic (loss)/earnings per share	(7.25)	0.16
Diluted (loss)/earnings per share	(7.25)	0.16
Discontinued operations		
Basic earnings per share	-	0.34
Diluted earnings per share	-	0.34

4. Consolidated Statement of Financial Position

As At 31 December 2014

	31 December 2014	31 December 2013
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	1,043,095	10,859,364
Short-term deposits with maturity over three months	422,673	413,642
Trade and other receivables	1,991,247	8,487,140
Inventories	3,958,286	2,613,924
Other assets	244,099	751,214
Total current assets	7,659,400	23,125,284
Non-current assets		
Property, plant and equipment	6,341,285	15,121,749
Guarantee deposits	1,407,969	1,372,901
Other assets	57,357	4,924,021
Exploration and evaluation assets	13,840,345	-
Total non-current assets	21,646,956	21,418,671
Total assets	29,306,356	44,543,955
LIABILITIES		
Current liabilities		
Trade and other payables	2,206,821	7,051,888
Borrowings	5,008,599	700,000
Current tax liabilities	2,127,055	3,929,201
Other liabilities	32,652	15,255
Total current liabilities	9,375,127	11,696,344
Non-current liabilities		
Borrowings	62,926	-
Non-current tax liabilities	331,914	-
Total current liabilities	394,840	-
Total liabilities	9,769,967	11,696,344
Net assets	19,536,389	32,847,611
EQUITY		
Contributed equity	36,615,244	36,615,244
Reserves	1,840,000	-
Accumulated losses	(19,078,855)	(3,767,633)
Capital and reserves attributable to owners of Australia New Agribusiness & Chemical Group Ltd	19,376,389	32,847,611
Non-controlling interest	160,000	-
Total equity	19,536,389	32,847,611

5. Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2014

	Attributable to owners of Australia New Agribusiness & Chemical Group Ltd					Non-controlling Interests	Total Entity
	Contributed Equity	Retained Earnings/ (Accumulated losses)	Surplus Reserves	Foreign Currency Translation Reserve	Total Parent		
CONSOLIDATED	\$	\$	\$	\$	\$	\$	\$
At 1 January 2013	36,615,244	(4,832,119)	-	-	31,783,125	-	31,783,125
Total comprehensive income for the year							
Profit for the year	-	1,064,486	-	-	1,064,486	-	1,064,486
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	1,064,486	-	-	1,064,486	-	1,064,486
Transactions with owners in their capacity as owners	-	-	-	-	-	-	-
At 31 December 2013	36,615,244	(3,767,633)	-	-	32,847,611	-	32,847,611

5. Consolidated Statement of Changes in Equity (continued)

For the Period Ended 31 December 2014

	Attributable to owners of Australia New Agribusiness & Chemical Group Ltd					Non-controlling Interests	Total Entity
	Contributed Equity	Retained Earnings/ (Accumulated losses)	Other Reserves	Foreign Currency Translation Reserve	Total Parent		
CONSOLIDATED	\$	\$	\$	\$	\$	\$	\$
At 1 January 2014	36,615,244	(3,767,633)	-	-	32,847,611	-	32,847,611
Total comprehensive income for the year							
Loss for the year	-	(15,311,222)	-	-	(15,311,222)	-	(15,311,222)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	(15,311,222)	-	-	(15,311,222)	-	(15,311,222)
Transactions with non-controlling interests	-	-	1,840,000	-	1,840,000	160,000	2,000,000
Transactions with owners in their capacity as owners	-	-	1,840,000	-	1,840,000	160,000	2,000,000
At 31 December 2014	36,615,244	(19,078,855)	1,840,000	-	19,376,389	160,000	19,536,389

6. Consolidated Statement of Cash Flows

For the Period Ended 31 December 2014

	12 Months Ended	
	31 December 2014	31 December 2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,012,808	216,909
Payments to suppliers and employees	(8,737,093)	(5,458,257)
Interest received	116,941	192,459
Interest paid	(71,173)	(62,391)
Income tax paid	(1,324,343)	
R&D tax incentive received	48,903	
NET CASH USED IN OPERATING ACTIVITIES	(6,953,957)	(5,111,280)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(1,823,246)	(2,452,130)
Proceeds from sale of property, plant & equipment	7,297,954	14,000
Payments for investment in associate	-	(10,952,941)
Proceeds on disposal of associate	-	22,000,000
Increase in term deposits with maturity over three months	(44,099)	(763,067)
Payments for exploration and evaluation assets	(9,226,324)	(4,614,021)
Loan to third parties	-	(1,019,200)
Loan repaid by third parties	1,000,000	-
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(2,795,715)	2,212,641
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	73,790	2,205,508
Repayment of borrowings	(2,265)	(1,505,508)
Transactions with non-controlling interests	670,000	-
Loan from related parties	250,000	-
Repayment of loan from related parties	(900,000)	-
Loans from third parties	-	58,122
Repayment of loan from third parties	(158,122)	(1,849,725)
NET CASH USED IN FINANCING ACTIVITIES	(66,597)	(1,091,603)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,816,269)	(3,990,242)
Cash and cash equivalents at beginning of the year	10,859,364	14,849,606
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,043,095	10,859,364

7. Net tangible assets per ordinary share

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security (excluding minority interest)*	\$0.09	\$0.16

8. Dividends

No dividend for the year ended 31 December 2014 has been declared or paid to shareholders.

9. Dividend/distribution reinvestment plan

No dividend/distribution reinvestment plan for the financial year ended 31 December 2014.

10. Details of controlled entities

10.1 Name of entity (or group of entities) over which control was gained	Nil
10.2 Name of entity (or group of entities) over which control was lost	N/A
10.3 Date control was lost	N/A
10.4 The contribution of such entities to the reporting entity's profit from ordinary activities during the period	N/A
The profit or loss of such entities during the whole of the previous corresponding period	N/A

11. Details of associates and joint venture entities

11.1 Name of the entity.	N/A
11.2 The date of the gain or loss of control.	N/A
11.3 Where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.	N/A

12. Accountings standards

AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Interpretations have been used in compiling the information in this Appendix 4E.

13. Auditing Status

This report is based on accounts which are in the process of being audited.

14. Other significant information

Refer to commentary on result below.

15. Audit disputes or qualifications

This report is based on accounts which are in the process of being audited.

16. Review of operations

Following the completion of the acquisition of phosphate assets from Krucible Metals Ltd for a total consideration of \$12 million in January 2014, the Company has access to phosphate, a major ingredient used in the production of compound and other fertiliser products. The balance of \$8.38 million has been paid to Krucible in full, and the transaction is now settled, with the Company acquiring the Korella trial mining lease, six exploration leases and five exploration applications.

The Company has also entered into an Investment Cooperation Agreement with ZLD international Ltd, wherein ZLD will fund in stages into the phosphate project at Venus Phosphate. As of the end of 2014, Stage 1 of this investment has been completed, with \$2 million injected into the project. Stage 2 and 3 of this Agreement, with investments of \$4 million and \$6.5 million respectively, is awaiting completion in the upcoming year.

Apollo Fertiliser commenced production in the latter half of the year, having perfected the product formulas through trials and re-trials throughout early 2014. A dedicated team of staff, including sales and technical staff, have relocated to newly-renovated offices in Acacia Ridge, to better serve the Company's customers and provide a higher level of service.

The Plant is now producing at a steady rate, and has started its sale of products to companies and distributors. The sales team has set up a network of distributors for fertiliser products, concentrated in Southeast Queensland and Northern New South Wales, with a view to further expansion. The Plant will also expand its list of products in order to explore more varied markets available in Queensland and NSW.

16. Review of operations (continued)

After incorporating Australia Mercury Glass Pty Ltd in late 2013, the subsidiary started its operation on 2 January 2014. An investment of \$1.2 million was made for its equipment, the balance of which has been settled in 2014. With its team of experienced management personnel and skilled staff, Mercury Glass has been performing on-target, and the Company is seeing consistent returns on its investment.

17. Outlook and Prospects for 2015

With the building and investment stages of the Company's strategy complete for both its Fertiliser Project and incorporation of Mercury Glass, it is looking at a stabilising period in 2015 as both Apollo Fertiliser and Mercury Glass continue their normal operations, with a view to growth throughout the year.

Apollo Fertiliser will further expand its network of distributors, with a planned push for advertising in Central and Far North Queensland, as well as further afield in New South Wales and Victoria. It is expected that this will open up the markets in those areas and see growth in the Plant's operations. Based on sales data, including the existing customer base and the state of the industry, it is forecasted Apollo can expect fertiliser sales of up to 5,000-6,000 tonnes in 2015.

It is anticipated trial production will begin for Venus Phosphate by April of 2015. The sale of phosphate rock is expected to begin in the same period, with an estimated volume of 10,000 tonnes in trial production. After the initial trial production (April to June, inclusive), the Company forecasts a sales volume of 50,000 tonnes of phosphate rock per month.

The Company is expect to see steady returns on its investments during 2015 and through to 2016.